GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2976
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Recapitalisation of Banks
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to recapitalise Public Sector Banks (PSBs), if so, the details thereof and the funds allocated to PSBs thereof, bank-wise;

(b) whether the infusion of such capital is sufficient enough to aid the PSBs to recover their huge financial losses and improve their lending capacities and if so, the details of the losses recovered by PSBs thereof; bank-wise;

(c) whether the proposal for revamp of PSBs under Indradhanush scheme has been implemented, if so, the details thereof; and

(d) the steps taken by the Government to improve the bank's lending capacities, enhance their asset quality and help them to tackle the problem of increasing NPAs?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): Under the Indradhanush Plan, the Government of India proposes to make available Rs.70,000 crores out of budgetary allocations for four years as per the figures given below:

(i) Financial Year 2015 -16 Rs. 25,000 crore
(ii) Financial Year 2016-17 Rs. 25,000 crore
(iii) Financial Year 2017-18 Rs. 10,000 crore
(iv) Financial Year 2018-19 Rs. 10,000 crore
Total Rs. 70,000 crore

The Government has already infused a sum of Rs. 25000 crore in 19 PSBs during financial year 2015-16 and a budgetary provision of Rs. 25000 crore has been made for the year 2016-17. Government has already allocated Rs. 22915 Crore to 13 PSBs on 19.07.2016. The details of capital infused in the PSBs upfront and the capital to be infused based on performance is given below:-

Name of the PSB Capital infused upfront
(In Rs crores) Performance Based Capital
Allahabad Bank 33 11
Bank of India 1338 446
Canara Bank 748 249
Central Bank of India 1297 432
Corporation Bank. 508 169
Dena Bank 446 148
Indian Overseas Bank 1551 1550
Punjab National Bank 2112 704
Syndicate Bank 776 258
UCO Bank 775 258
Union Bank of India 541 180
United Bank of India 608 202
State Bank of India 5681 1894
TOTAL 16414 6501

Government has also allowed all PSBs to raise capital from Public markets through Follow-on Public Offer (FPO) or Qualified Institutional Placement (QIP) by diluting Government of India holding upto 52% in phased manner based on their capital requirement, their stock performance, liquidity, market conditions etc.

Under the Indradhanush Plan action related to (i) Appointment (ii) Bank Board Bureau (iii) Capitalization (iv) De-stressing PSBs (v) Empowerment (vi) Framework of Accountability (vii) Governance Reforms has been initiated by the Government.

(d): The Government has taken sector specific measures (Infrastructure, Power, Road, Textiles, Steel etc.) where incidence of NPA is high. The Insolvency and Bankruptcy Code (IBC) has been enacted and Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) and the Recovery of Debts due to Banks and Financial Institutions (RDDBFI) Act

have been amended to improve resolution / recovery of bank loans. Six new Debt Recovery Tribunals (DRTs) have been established for improving recovery. RBI has provided a number of tools in this regard − Corporate Debt Restructuring (CDR), Formation of Joint Lenders' Forum (JLF), Flexible Structuring for long term project loans to Infrastructure and Core Industries (5/25 Scheme), Strategic Debt Restructuring Scheme (SDR) and Sustainable Structuring of Stressed Assets (S4A).
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